

UTICA GRAIN COMPLIANCE AND OPERATIONAL PLANS

8/23/18

1. Make management changes within the grain operations. John Marquardt has assumed the position as General Manager of Utica Grain, Inc. He is working in concert with owner Ralph Marquardt in directing the overall direction of the grain operations.
 - a. Utilize two or more senior managers (or owner) in merchandising and hedging decisions. John and Ralph are working on contracts with end users to move grain held in inventory. Ralph and John are also working with our Chicago based hedging company to hedge grain. Dave Husby and Chuck Gregerson will participate as needed.
2. Implement regular reporting protocol with checks and accountability built in it to insure any and all requisite reports are submitted as mandated.
 - a. This process broke down previously when the accounting clerk left with no training or direction offered to the new employee. This training has been completed and reports are again being submitted to PUC staff. The new accounting clerk is an individual with a four year bachelor's degree in accounting and over 15 years of experience. She has received the requisite direction from new management and instruction on submitting the weekly report to PUC staff
 - b. The new GM will track and insure its delivery. The weekly report was submitted to PUC staff before to 10 am on Wednesday, August 29, 2018.
3. All quarterly and other mandated financial reporting will be handled and submitted only by the CFO for the parent company with consultation from outside CPA as needed. An updated financial report was generated by the CFO, Jason Pearson, on Wednesday, August 29, 2018 and was forwarded to the company's outside CPA for consultation. This report will be forwarded to PUC staff on or before Friday, August 31, 2018 as requested by the PUC Commissioners. It will be sworn to under oath by Ralph Marquardt.
4. Recapitalization (as needed) will be infused to bring working capital and owner's equity to acceptable levels. Continued debt reduction will also be implemented. Cash was infused into Utica Grain, Inc as well as accounting adjustments in accordance with GAAP.
5. On-site training for software and computer system (Ag Vision) has been scheduled for mid-September for refresher and new training in its use and utilization. Ag Vision staff will be in Yankton at Utica Grain, Inc. corporate headquarters for training commencing on September 10, 2018 at 1 pm.
6. Conduct regular grain measure-ups in cooperation with the USDA to verify DPR is correct. The most recent measure up was conducted by USDA staff and a copy of the WA-125 forwarded to the PUC on August 24, 2018. Regular measure ups will be scheduled by the General Manager and will involve the USDA periodically as deemed necessary.
7. Install security (video) at all grain locations. Due diligence is ongoing as to the type of system to purchase, install, and monitor. The decision should be made within the next 7-10 calendar days.
8. A supervisor or staff member must be present at all times whenever grain is delivered to or dispatched from any location. This policy has been implemented.
9. Hand tickets will only be used in the event of a power outage or equipment failure. This policy has been implemented.

10. Regular review of grain tickets (both inbound and outbound) to insure numerical accuracy. All original electronically generated scale tickets will be brought to the corporate office on a weekly basis. If necessary, any and all hand tickets will be brought in to the office on the day they are generated and entered into the Ag Vision system the following morning.
11. All grain accounting will include a computation for one half of one percent. For clarification purposes, the words “for shrink” were inadvertently omitted when this document was prepared. This policy will be put into place during the instruction period with Ag Vision commencing on September 10, 2018.
12. All facilities will undergo regular cleaning of house, dryers, and bins. The Utica bunker was cleaned out by the end of the day on August 25, 2018. Additional work was completed on August 27, 2018 as per a request from the party filing the comments to the PUC. Other work has been scheduled and will be pursued diligently.